Financing care systems and policies in Latin America and the Caribbean:
CONTRIBUTIONS FOR A SUSTAINABLE RECOVERY WITH GENDER EQUALITY

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THE CENTRALITY OF CARE IN LATIN AMERICA AND THE CARIBBEAN
The Regional Gender Agenda for financing care policies

XV REGIONAL CONFERENCE ON WOMEN IN LATIN AMERICA AND THE CARIBBEAN
Buenos Aires, 2022

Source: Economic Commission for Latin America and the Caribbean (ECLAC) based on ECLAC, “Regional Gender Agenda: Agenda”, 2022 [online].
What are Comprehensive Care Systems?

A set of policies aimed at implementing a new social organization of care with the purpose of caring for, assisting and supporting people who need it, as well as recognizing, reducing and redistributing care work.

Care systems

- Governance model that includes inter-institutional coordination -at the national and territorial level- among institutions that implement actions aimed at the care of different target populations
- Development of 5 components: creation of services, regulation of services and working conditions, training, information management and communication.
- Management model for moving "from the logic of services to the logic of people"

Care policies

- Articulation of programmes that attempt to satisfy the needs and ensure the exercise of rights of a given population.

Programmes

- Programmes or services targeted to a specific population (e.g. early childhood, the elderly, people with disabilities, less widespread in the region).

Source: UN Women and ECLAC (2021) Towards the construction of Comprehensive Care Systems in Latin America and the Caribbean
The 5 components of comprehensive care systems

- Regulation of services and working conditions
- Information and knowledge management
- Creation and expansion of services
- Training and certification of care workers
- Communication and cultural change

Source: UN Women and ECLAC (2021) Towards the construction of Comprehensive Care Systems in Latin America and the Caribbean
WHY INVEST IN COMPREHENSIVE CARE POLICIES AND SYSTEMS?
The unjust and unsustainable social organization of care

The care crisis has been a reality for decades. The COVID-19 pandemic made it visible and even more acute.

Economic, social, demographic and cultural changes are having an increasing impact on the growing care deficit. There is an increasing need for care, yet less time available for providing unpaid care.
Care as a generator of employment and a driver of the economy

Investing in the care economy generates a virtuous circle

- Generation of employment and income for those working in the sector
- Increase in consumption and thus in production
- Increase in tax revenue
- Investment in care policies and comprehensive care systems
Estimated costs and benefits of investment in care

- Definition of target population
- Estimation of potential demand for care
- Definition of progressivity in meeting the potential demand for care
- Definition of the care services to be provided
- Estimation of costs for each care service
- Creation of a synthetic care services sector
- Estimation of the total costs of achieving universal coverage in potential demand
- Simulation of various prospective scenarios of the impact of additional spending on employment, GDP and tax revenues

Exercises in:
- Argentina
- Mexico
- Panama
- Paraguay
- Peru
- Dominican Republic
The case of Mexico: Costs and returns of expanding childcare coverage for children between 0 to 5 years old

Source: UN Women and ECLAC (2020) Costs, returns, and effects of a universal, free, and quality childcare system in Mexico
Care as the fourth pillar of social protection

**EDUCATION**

Child care contributes to children’s development. It improves their performance in the educational cycle and their future job and income expectations.

**HEALTH**

Care improves the quality of life of the elderly or adults in a situation of dependency. It contributes to reducing hospitalizations, generating savings and reducing the overburdening of health care systems.

**SOCIAL SECURITY**

Investment in care generates quality employment and improves working conditions in the sector, increasing the number of people contributing to social security and government revenue via taxes.

Source: UN Women (2022). Financing of comprehensive care systems: proposals for Latin America and the Caribbean
PROPOSALS FOR THE SUSTAINABLE FINANCING OF COMPREHENSIVE CARE POLICIES AND SYSTEMS
Guiding principles for financing care policies and systems

Source: UN Women and ECLAC (2022). Financing care systems and policies in Latin America and the Caribbean: contributions for a sustainable recovery with gender equality.
Models for financing care

Based on general revenues
Based on public or private insurance
Based on mixed funds

Source: UN Women and ECLAC (2022). Financing care systems and policies in Latin America and the Caribbean: contributions for a sustainable recovery with gender equality
Financing models based on general revenues

**Ex post mechanisms**

**General revenue resources**
- New demands in contexts with budgetary challenges
- Regressive biases in the tax policy from which the resources originate
- Uncertainty and redefinition of priorities in government changes

**LIMITATIONS**

**Other complementary sources**
- Selective taxes
- Taxes on specific activities
Insurance-based financing models

**Ex ante mechanisms**

<table>
<thead>
<tr>
<th>Limitations</th>
<th>Private insurance</th>
<th>Public insurance</th>
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<tbody>
<tr>
<td>Adverse selection</td>
<td>&quot;people who most frequently enrol in them are older and/or in poorer health&quot; and thus have higher premiums</td>
<td>Specific and mandatory contributions associated with social security</td>
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<td>Entry selection and “pre-existing conditions”</td>
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**Long-term care focus**

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<tr>
<th>Limitations</th>
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<tr>
<td>High rate of informality results in lower tax base</td>
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<td>Implementation failures may have negative effects on formal employment</td>
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<td>Low levels of remuneration limit out-of-pocket expenses</td>
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**Other complementary sources**

**Out-of-pocket expenses**
Financing models based on mixed-funds

General revenue resources
Social security
Out-of-pocket expenses
Specific taxes

Public policy solidarity funds

EXAMPLES
Fund for Social Development and Family Allowances (FODESAF) Costa Rica
National Health Fund (FONASA) Uruguay
### Broadening the scope:
How to strengthen fiscal space for the care society

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<tr>
<td>1.</td>
<td>Protection of social spending and public investment</td>
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<td>2.</td>
<td>Strengthening tax collection and enhancing the progressivity of the tax architecture</td>
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<td>3.</td>
<td>Strengthening direct taxation of income and wealth</td>
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<td>4.</td>
<td>Adapt tax frameworks and advance digitalization and regional and international taxation agreements</td>
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<td>5.</td>
<td>New digital economy and pro-environmental taxes and selective taxes (products harmful to public health)</td>
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<tr>
<td>6.</td>
<td>Reducing tax evasion and avoidance and reviewing exemptions</td>
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Thank you!